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From:

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To:

Cc:

Subject: RE: Bankruptcy - Parents and Subs

The answer is that only the bankrupt parent converts out of the TEFRA proceeding and the actual sub partner remains a party to the proceeding. This assumes that only the sub is the actual partner and that the parent was a "partner" under section 6231(a)(2)(B) only by virtue of filing a consolidated return with the actual partner. Only the sub and other non-bankrupt subs in the same consolidated filing group may be assessed based on the partnership proceeding. The FPAA should go to the sub with a copy still going to the parent which may remain the sub's agent even though the parent is not longer an actual party to the TEFRA proceeding.

We would need to issue a converted item notice of deficiency to the bankrupt parent if we want to assess it for the same items.